News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 EST 3 March 2014

Markit U.S. Manufacturing PMI™ – final data

Sharpest improvement in manufacturing business conditions since May 2010

Key points:

- Robust upturn in manufacturing sector performance
- Faster output and new order growth
- Job creation hits 11-month high

Summary

At 57.1 in February, up from 53.7 in January, the final seasonally adjusted U.S. Manufacturing ***Purchasing Managers' Index™ (PMI™)***[1] signalled the strongest improvement in business conditions for 45 months. The headline index was much higher than the three-month low posted in January, and indicated a robust overall manufacturing sector performance. The earlier 'flash' reading for February was 56.7

Final U.S. Manufacturing PMI™ Summary

50.0 = no-change on previous month (seasonally adjusted)

Index	Feb'14	Jan'14	Change signalled
PMI	**57.1**	53.7	Expansion, faster rate
Output	**57.8**	53.5	Expansion, faster rate
New Orders	**59.6**	53.9	Expansion, faster rate
New Export Orders	**51.6**	48.4	Expansion, change of direction
Employment	**54.1**	53.2	Expansion, faster rate
Backlogs of Work	**57.9**	49.2	Expansion, change of direction
Output Prices	**52.3**	53.8	Rise, slower rate
Input Prices	**54.1**	58.2	Rise, slower rate
Stocks of Purchases	**50.6**	46.6	Expansion, change of direction
Stocks of Finished Goods	**47.0**	45.1	Decline, slower rate
Quantity of Purchases	**55.6**	52.0	Expansion, faster rate
Suppliers' Delivery Times	**40.6**	40.9	Lengthening faster rate

Source: Markit.

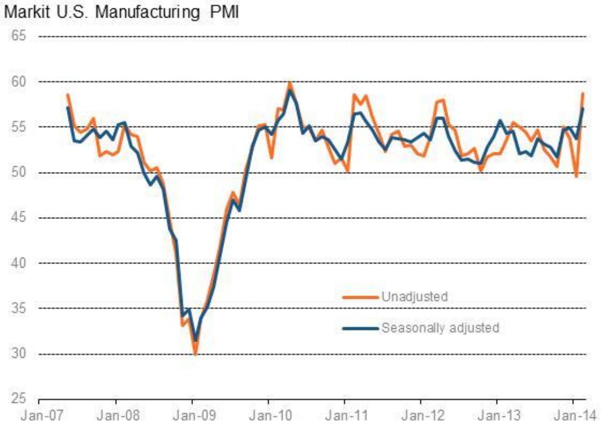
Index readings above 50.0 signal an increase or improvement on the prior month, while readings below 50.0 indicate a decrease.

[1] Please note that Markit's PMI data, final and flash, are derived from information collected by Markit from a different panel of companies to those that participate in the ISM Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

February survey data signalled a strong upturn in manufacturing business conditions, following a weather-related slowdown during the previous month. **Output** and **new business** both picked up sharply as manufacturers started to overcome disruptions due to unusually bad weather, which in turn led to a solid rate of employment growth.

However, there were still strains on supply chains, with **delivery times** for inputs lengthening to the greatest degree since August 2008. As a result, some manufacturers have responded to recent weather disruptions by building up safety stocks, which was highlighted by the first increase in **pre-production inventory levels** since June 2013.

Markit U.S. Manufacturing PMI (seasonally adjusted)

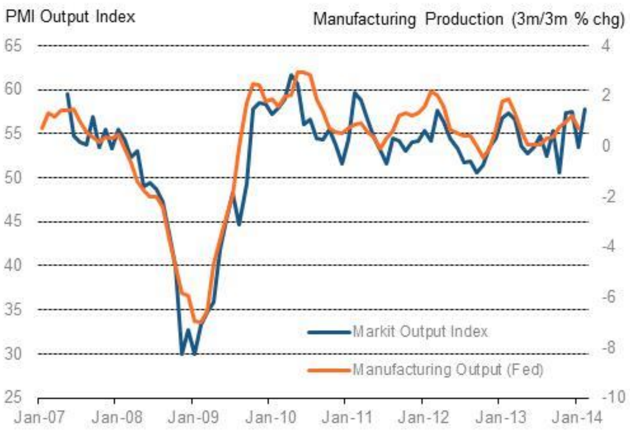


Source: Markit.

Volumes of **new work** increased at the sharpest rate since April 2010, which survey respondents mainly linked to rising domestic demand and strong confidence about the economic outlook among their clients. New **export orders** also increased and, although only marginal, the rate of expansion was the most marked since August 2013.

Higher levels of incoming new business led to the steepest increase in manufacturing **production** since March 2011. Some manufacturers noted that unusually bad weather had a less disruptive impact on production growth than in the previous month, in part due to efforts to build up inventories of critical inputs at their plants.

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Job creation was the strongest since March 2013, but this could not prevent a robust increase in **backlogs** at manufacturing firms. In a further sign of pressures on capacity, latest data indicated that stocks of finished goods fell for the eighth month in a row.

Meanwhile, manufacturers signalled a slower pace of **input cost inflation** during February, with the latest rise in input prices the weakest since June 2013. As a result, **factory gate price inflation** also eased further during the latest survey period.

Manufacturing employment

Sources: Markit, Bureau of Labor Statistics.

Company size and sector analysis

February data signalled that large manufacturers (more than 500 employees) were the best performing of the three company size categories monitored by the survey.

All company size groups recorded a sharper rate of new business growth in February, as well as rising levels of employment.

By market group, intermediate goods producers continued to register the strongest improvement in overall business conditions, followed by investment goods producers. Intermediate goods producers also posted the sharpest rise in new orders and the steepest pace of job creation.

Change of release time for Markit U.S. PMIs

Please note that there will be a permanent change of release time to **09:45 EST (14:45 GMT)** for Markit's U.S. Manufacturing PMI™ and U.S. Services PMI™ (and respective U.S. Flash PMIs), with effect from the release of the Markit U.S. Flash Manufacturing PMI™ on **24 March 2014.**

Comment

Commenting on the final PMI data, **Chris Williamson, Chief Economist at Markit** said:

"The final PMI reading came in even higher that the already-strong flash estimate and signalled one of the largest monthly improvements in manufacturing for almost four years.

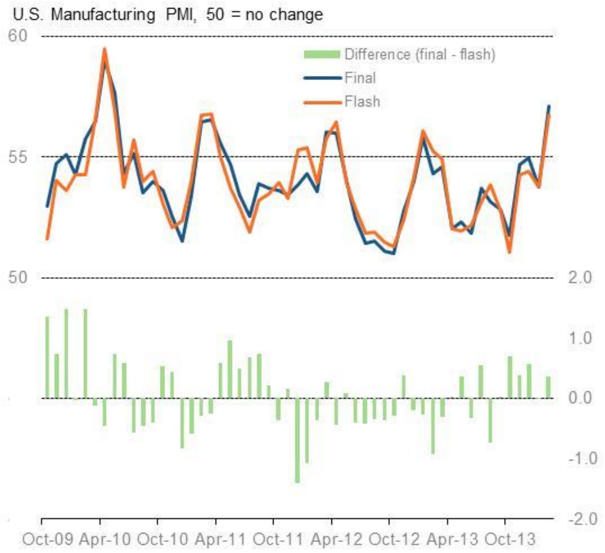
"This to a large extent reflects a temporary rebound after supply chains and production had been disrupted by severe weather. While bad weather continued to hamper production at many companies in February, many also reported that weather-related issues were being overcome.

"The upturn pushes the trend over the last three months to the strongest since May 2012, suggesting that the sector maintained robust underlying growth momentum throughout the winter months.

"This solid trend offers some reassurance to the Fed that the recent weakness in the official production and payroll data is primarily weather related, meaning the FOMC will be keen to continue to taper its asset purchases."

-Ends-

Markit Final U.S. PMI v. Flash PMI history



Source: Markit.

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Note to Editors:

Markit originally began collecting monthly *Purchasing Managers' Index*™ *(PMI*™) data in the U.S. in April 2004, initially from a panel of manufacturers in the U.S. electronics goods producing sector. In May 2007, Markit's U.S. PMI research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. Back data for Markit's U.S. Manufacturing PMI between May 2007 and September 2009 are an aggregation of data collected from producers of electronic goods and metal goods producers, while data from October 2009 are based on data collected from a panel representing the entire U.S. manufacturing economy. Markit's total U.S. Manufacturing PMI survey panel comprises over 600 companies.

The **final** U.S. manufacturing PMI follows on from the **flash** estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* data.

The panel is stratified by North American Industrial Classification System (NAICS) group and company size, based on industry contribution to U.S. GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indictors the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index*™ (*PMI*™) is a composite index based on five of the individual indexes with the following weights: New Orders – 0.3, Output – 0.25, Employment – 0.2, Suppliers' Delivery Times – 0.15, Stocks of Items Purchased – 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

About Markit
Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 11 countries. For more information, please see www.markit.com

About PMI
Purchasing Managers' Index™ (PMI™) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.